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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [GG](#) [KDEM](#)  
SUBJECT: [LISTS OF SANCTIONED ENTITIES DELIVERED TO GOVERNMENT](#)

REF: A. STATE 61363  
[B](#). STATE 62052  
[C](#). STATE 65133  
[D](#). STATE 65511  
[E](#). STATE 68510

[1](#). (SBU) Summary: Poloffs visited the new headquarters of the Financial Monitoring Service (FMS) and the Financial Supervisory Agency (FSA) and delivered reftel lists of sanctioned organizations to Giorgi Kadagidze of FSA. Poloffs learned little about money laundering in Abkhazia because neither service has a grasp or insight into the complexities of Abkhaz banking. The FMS attributes many of the problems to Russian banks illegally operating in Abkhazia despite the Russian's outright denial of their presence. The Financial Action Task Force (FATF) addresses money laundering internationally but Russia is a member of this organization and according to FMS, prevents any progress in investigating money laundering in Abkhazia. In 2007, FMS identified 17 money laundering cases in Georgia. Related properties were confiscated and arrests were made. In 2008, four cases have been reported. End Summary.

[2](#). (SBU) Poloffs visited the new site of Georgia's Financial Monitoring Service (FMS) and the Financial Supervisory Agency (FSA). Both offices have been relocated to jailed mafia member Shakro Kalashov's newly constructed and recently confiscated mansion in the hills of Tskhneti overlooking Tbilisi. Kalashov is currently serving a twelve year sentence in Spain and has an eighteen year sentence in Georgia pending his return.

[3](#). (SBU) According to Kadagidze, head of the FSA, the FSA is the financial regulator responsible for disseminating information and oversight of the financial markets. FMS is Georgia's financial intelligence unit and responsible for monitoring terrorist finances. As requested by the reftels, Poloffs delivered demarches and the agencies will update their databases and disseminate the information to the designated people.

[4](#). (SBU) Poloffs asked FMS if they are able to provide any information on money laundering in Abkhazia. FMS conveyed to Poloffs that they have no mechanism to monitor money laundering in Abkhazia or South Ossetia. Georgia has the backing of Moneyval - an international oversight mechanism - that has excused Georgia from obligations to influence these regions because they are beyond Georgia's control. FMS told Poloffs they have sent letters to Russia regarding Russian banks' involvement with Abkhaz banks. Russia officially denies their involvement in Abkhazia. FMS told Poloffs that they do not maintain contact with Abkhazia because they do not want to officially recognize the Abkhaz de-facto government presence. There is one bank in the Georgian controlled Kodori Gorge that distributes pensions. There are no banks in Gali at all.

TEFFT